



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.07.1995  
COM(95) 290 final

95/0159 (SYN)

**PROPOSAL FOR  
A COUNCIL REGULATION (EC)  
ON DECENTRALIZED COOPERATION**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

Decentralized cooperation is one of the innovations of the Community's cooperation policy that was first introduced in 1989 in the Lomé Convention, and subsequently as from 1992 in the legislation governing cooperation with the Latin American and Asian developing countries.

Decentralized cooperation reflects the Community's commitment to involving a broad range of local, non-governmental bodies in its programmes both in Europe and the developing countries; such bodies generate imaginative development initiatives that complement projects launched at government level.

This is part of the Community's general cooperation strategy to support socially sustainable development and to consolidate democracy and human rights.

The bodies concerned, which include grassroots associations, local authorities, cooperatives and trade unions, together constitute a mine of potential for development work quite distinct from the established, mainly European NGOs that have hitherto been the only group to receive special attention from the Community, with their own special financial instruments (e.g. budget heading B7-5010).

In Europe this sector embraces a wide variety of movements and civilian organizations working on projects such as town twinning, migration flows and social issues, of whose activities the Community has thus far taken little notice.

In the developing countries we are witnessing the rapid emergence of a new breed of organizations, popular movements and decentralized local authorities which often owe little to the European NGO tradition, and which are clamouring for a greater role in preparing and implementing national cooperation policies.

In response to the emergence of the grassroots as a major player in the Community cooperation of the future, in 1992 the budgetary authority decided to create a special budget heading to promote this approach in all the developing countries and to create an environment in which decentralized cooperation could be better integrated into official (EDF and ALA) programmes; this would include the development of new types of partnership between the grassroots, local institutions and the State to further the social and economic development objectives of the South.

Community action in this area is all the more justified in that it builds genuine, coordinated partnerships between European and developing-country organizations, and provides a useful frame of reference for many Member States that as yet lack a special policy on decentralized cooperation.

The draft Regulation allows for an exchange of views between representatives of the Commission and the Member States, once a year, on the general guidelines for the actions to be carried out in the coming year. The relatively small scale of operations does not warrant the organisation of consultation of the member States on a case by case basis.

To emphasize the need for continuity, no duration is specified in this proposal.

**PROPOSAL FOR A COUNCIL REGULATION (EC) No ...**  
**ON DECENTRALIZED COOPERATION**

---

**THE COUNCIL OF THE EUROPEAN UNION,**

Having regard to the Treaty establishing the European Community, and in particular Article 130w thereof,

Having regard to the proposal from the Commission,

In cooperation with the European Parliament,<sup>1</sup>

Whereas the importance of the decentralized approach to development cooperation has been emphasized in the fourth Lomé Convention, Council Regulation (EEC) No 443/92 of 25 February 1992 on financial and technical assistance to, and economic cooperation with, the developing countries of Asia and Latin America, and the Council resolution of 27 May 1991;

Whereas the budgetary authority decided to include in the 1992 budget an item for the promotion of this approach to cooperation in all developing countries;

Whereas decentralized cooperation makes an important contribution to the objectives of the EU set out in Article 130 U of the Treaty of Maastricht;

Whereas administrative procedures should be established,

---

<sup>1</sup> Opinion delivered on ... (OJ No ...; ...) and Decision of ... (OJ No ...; of ...).

## **HAS ADOPTED THIS REGULATION:**

### **Article 1**

The Community shall support development operations and initiatives by decentralized agents of the European Union and the developing countries, in particular those designed to promote:

- a more participatory approach to development, responsive to grassroots needs and initiatives in the developing countries;
- a contribution to the diversification and reinforcement of civil society and grassroots democracy in the countries concerned;
- the mobilization of decentralized agents in the developing countries and the Union in pursuit of these objectives.

All developing countries shall be eligible for operations to promote decentralized cooperation.

### **Article 2**

The priority fields for operations under this Regulation shall be:

- the development of human and technical resources and local rural or urban social and economic development;
- information and the mobilization of decentralized agents;
- support for strengthening the institutional capacities of such agents and their capacity for action.

### **Article 3**

The agents of cooperation eligible for financial support under this Regulation are decentralized bodies in the developing countries or the Union, namely: local authorities, NGOs, local traders' associations and citizens' groups, cooperatives, trade unions, women's and youth organizations, teaching and research institutions, churches and any non-governmental associations likely to contribute to development.

### **Article 4**

1. The instruments to be employed in the course of the operations referred to in Article 1 shall include studies, technical assistance, training or other services, supplies and works, along with audits and evaluation and monitoring missions

2. Community financing may cover both investment, with the exception of the purchase of buildings, and operating costs in local or foreign currency, depending on the needs of the operation.

3. A systematic effort shall be made to get the developing-country agents ultimately benefiting from the operation, as well as any Union partners they may have, to contribute, whether financially or in kind, according to their means and the nature of the operation concerned.

4. Opportunities shall be sought for cofinancing, especially with Member States. Necessary measures will be taken to emphasise the Community character of aid provided under this Regulation.

5. In order to reinforce coherence and complementarity between the actions financed by the Community and those financed by the Member States, with the aim of guaranteeing optimal efficiency of the totality of these actions, the Commission will take all necessary coordination measures, notably :

- a) the establishment of a system for the systematic exchange of information on actions financed or for which financing is foreseen by the Community and the Member States;
- b) on the spot coordination of these actions by means of regular meetings and exchange of information between the representatives of the Commission and Member States in the beneficiary country or countries concerned.

#### **Article 5**

Financial support under this Regulation shall be in the form of grants.

#### **Article 6**

1. The Commission shall appraise, decide and administer operations covered by this Regulation according to the budgetary and other procedures in force, and in particular those laid down in the Financial Regulation applicable to the general budget of the European Communities.

2. All financing agreements or contracts concluded under this Regulation shall provide for the Commission and the Court of Auditors to conduct on-the-spot checks according to the usual procedures laid down by the Commission under the rules in force, and in particular those of the Financial Regulation applicable to the general budget of the European Communities.

3. Participation in invitations to tender and the award of contracts shall be open on equal terms to natural and legal persons of the Member States and of the recipient country. It may be extended to other developing countries and, in exceptional cases which are fully justified, to third countries.

4. Supplies shall originate in the Member States, the recipient country or other developing countries. In exceptional cases, where circumstances warrant, supplies may originate elsewhere.

#### **Article 7**

The representatives of the Commission and the Member States will have an exchange of views, once a year, on the basis of a presentation by the representative of the Commission of the general guidelines for operations to be carried out in the year ahead.

This exchange of views will be organized in the framework of a joint meeting of the following committees:

- a) the EDF Committee set up by Article 21 of Internal Agreement 91/401/EEC on the financing and administration of Community aid under the fourth Lomé Convention, adopted on 16 July 1990 by the representatives of the Member States meeting in the Council;
- b) the MED Committee set up by Article 6 of Council Regulation (EEC) No 1762/92 of 29 June 1992;
- c) the ALA Committee set up by Article 15 of Council Regulation (EEC) No 443/92 of 25 February 1992.

#### **Article 8**

After each budget year, the Commission shall report to Parliament and the Council, summarizing the operations financed in the course of that year and evaluating the implementation of this Regulation in that period.

The summary shall in particular contain information about those with whom contracts have been concluded.

The report shall also set out the conclusions of any independent evaluations of specific operations.

**Article 9**

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, ...

**For the Council  
The President**



## FINANCIAL STATEMENT

1. **ITEM** B7-5077

2. **TITLE OF OPERATION:** Decentralized cooperation in the developing countries

million ECU

Appropriations authorized for 1995		Appropriations requested for 1996		Percentage change %	
Commitments	Payments	Commitments	Payments	Commitments	Payments
5.0	3.5	5.0	3.0	-	+43.0

3. **LEGAL BASIS:** The proposal formulating the legal basis is due for presentation to the Council shortly.

### 4. DESCRIPTION OF OPERATION

#### 4.1 General objective:

In encouraging grassroots cooperation the aim is to mobilize local people and groups in the developing countries and the EU, and their resources, in order to:

- encourage greater participation in the development process, thereby ensuring that development and the methods used are more closely related to what those concerned perceive as their needs;
- help create and consolidate a democratic grassroots structure and promote the diversification of civil society in developing countries.

The purpose of this heading is therefore to act as an incentive that can stand alone or be used in tandem with decentralized cooperation measures carried out within the major official frameworks (EDF, aid for developing countries in Asia and Latin America, aid for Mediterranean countries). The measures involve promoting grassroots cooperation in order to benefit all developing countries.

#### 4.2 Period covered:

As the legal basis has not yet been approved by the Council, this measure has to be renewed annually.

#### **4.3. Beneficiaries**

The beneficiaries of this new form of cooperation will be those sections of the population, particularly the poorest, who are represented by local authorities or various forms of association.

### **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

#### **5.1 NCE**

#### **5.2 DE**

### **6. TYPE OF EXPENDITURE OR REVENUE**

- 100% subsidy: exceptionally, depending on the measure.
- Subsidy for joint financing from Community and other sources in the public and/or private sector.

Most measures will be financed jointly, any additional finance being provided by private sources (NGOs, associations) or public sources (mainly local authorities but also states) in cash and/or kind.

- Should the operation prove an economic success, is there provision for all or part of the Community contribution to be reimbursed?

No. The primary aim of all the measures is social and institutional development. Where the aim is to promote economic activity, any sums that might be repaid will be ploughed back to benefit the target population.

Re-use: Any revenue will be re-used in accordance with the requirements of Article 27 of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (OJ L 356/77 of 31 December 1977, p. 1), as last amended by Regulation (Euratom, ECSC, EEC) No 610/90 (OJ L 70/90 of 16 March 1990, p.1).

### **7. FINANCIAL CONSEQUENCES**

#### **7.1 Method of calculating total cost of operation**

The amount has been calculated on the basis of past experience and the results of a number of earlier successful projects, it being borne in mind that we are not allowed to request the additional appropriations really needed.

Most of the projects are small-scale (on average ECU 212 000 in 1994), the maximum disbursed on a single project so far being ECU 630 000.

## **7.2 Itemized breakdown of costs**

Bearing in mind the specific objectives set out in point 9.1 below, the breakdown of costs of 1994 was as follows:

- measures to promote the activities concerned (objective (a)): 10%
- institutional backup for local agents in developing countries (objective b): 31%
- programmes and pilot projects (objectives (c) and (d)): 59%

As concerns the type of local agent, just under half the operational measures mainly involved local authorities. In the rest the beneficiaries were associations of various kinds (NGOs and other groupings or - in line with a major strand of Commission policy - local authorities and associations had a part to play.

## **8. FRAUD PREVENTION MEASURES**

Various checks are applied:

- progress reports have to be submitted and approved before the next instalment of Community finance is released;
- final reports have to be submitted on all measures financed;
- the Commission's financial control departments and the Court of Auditors carry out audits at NGO offices or on site;
- the lead department for this budget heading and the respective Delegations carry out inspections on site;
- where it transpires that Community funds have been badly managed, the Commission may ask for total or partial reimbursement of the sum in question.

## **9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

### **9.1 Specific and quantified objectives; target population**

- Specific objectives
  - (a) to disseminate information and promote local cooperation - by means of targeted action such as seminars, meetings and workshops and by providing documentation - in order to get grassroots agents in developing countries and the EU interested in the prospect of this kind of cooperation within the framework of EU cooperation policy;

- (b) to provide persons and bodies at grassroots level with institutional and technical backup; to provide support, education and training aimed at ensuring that local agents in developing countries gain the competent and credibility needed by the EU's cooperation partners;
- (c) to provide the support the local partners need to carry out project studies and prepare grassroots programmes;
- (d) to mount pilot local development programmes to demonstrate that the beneficiaries have the capacity to be grassroots partners;
- (e) to carry out the inspections and evaluations that are a necessary part of implementing decentralized cooperation.

- Target population

- Objective (a) All agents, i.e. NGOs, professional associations, local authorities, trade unions and the national and international organizations for all these groups (intermediaries: the same or specialist bodies);
- Objective (b) All agents but more particularly networks of associations or NGO forums and local authorities in developing countries;
- Objective (c) All grassroots agents;
- Objective (d) The ultimate beneficiaries of the development process, i.e. the rural and urban poor, women and local economic circles;
- Objective (e) Intermediaries, i.e. specialist bodies.

## 9.2 Grounds for the operation

- The requirement for the Community to contribute from its budget under:
  - \* Articles 20 to 22 of Lomé IV and the provisions of the Council Regulation of 2 February 1992 on cooperation with developing countries in Asia and Latin America, both of which provide for, or encourage, the promotion of decentralized cooperation;
  - \* Article 5 of the Council resolution of 27 May 1991 emphasizing the importance of decentralized cooperation under the Lomé Convention, the new Mediterranean policy and the guidelines for developing countries in Asia and Latin America;
  - \* Article 130 U of the Maastricht Treaty concerning sustainable economic and social development and emphasizing the importance of respect for human rights and democracy.

This necessarily means opening a heading specifically for this policy.

### **Choice of ways and means**

This is dictated by the need to create conditions that will help mobilize people and groups within civil society and prepare them for participating in the achievement of the objectives of decentralized cooperation. At Community level there is no other course of finance that would make it possible to mobilize, prepare and train these agents. Some forms of decentralized cooperation exist in some Member States. No two are the same and none is as wide in its scope as the European Union's. The Member States want their approach to be coordinated with the Commission's.

The main areas of uncertainty are the fact that decentralized cooperation is a new approach, the lack of experience of the potential partners with this form of cooperation and the attitude of the public authorities in developing countries to civil society being involved in aid programmes.

Close consultation with the Commission departments responsible for the respective geographical areas (DGs VIII and I) and with the Delegations concerned will ensure consistency between measures supported from this budget heading and other development programmes financed by the Community.

### **9.3 Monitoring and evaluation of the operation**

- \* **Output indicators:** the number of requests for financing under this heading, the number of partners mobilized, the sustainability and viability of the measures financed.
- \* **Impact indicators:** the level of mobilization in the various countries (developing and European), the number of national platforms and grassroots bodies established and the number of grassroots cooperation programmes launched within the framework of the EU's official cooperation funds.

#### **Evaluation**

- Provision has been made for some of the more important programmes financed under this heading to be evaluated by external specialists.
- The Delegations and the departments responsible for the respective geographical areas will monitor and evaluate the rest.
- An overall evaluation of this recent heading and pilot programme will not be justified until the new projects to mobilize agents (following completion of a current study) and their effect on the incorporation of decentralized cooperation in the official cooperation structures (EDF, developing countries in Asia and Latin America) have reached a more advanced stage.

#### 9.4 Consistency with financial programming

- Is the operation incorporated in the DG's financial forecasts for the relevant year?

Yes.

- To which broader objective defined in the DG's financial forecasts does the objective of the proposed operation correspond?

The general objective for this heading (see point 4.1 above) is in line with those of the EU's development policy as a whole.

In particular, as indicated in point 4.1, it is in line with the specific objectives set out in Lomé IV and the Council Regulation on aid to developing countries in Asia and Latin America, hence the care taken to ensure that measures financed under this heading are consistent with the EDF and Mediterranean programmes and the programme for developing countries in Asia and Latin America.

ISSN 0254-1475

COM(95) 290 final

# DOCUMENTS

EN

11

---

Catalogue number : CB-CO-95-326-EN-C

ISBN 92-77-91046-1

---

Office for Official Publications of the European Communities  
L-2985 Luxembourg